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7.2	<b>MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021-2022/2023</b>
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Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance and Compliance

27 May 2020

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**1. SUBJECT: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021-2022/2023**

**2. PURPOSE**

The purpose of this report is as follows:

- (a) To consider the views/submissions of the local community in terms of Section 23(1)(a) of the Municipal Finance Management Act (Act 56 of 2003), herein after called the MFMA and to allow the Executive Mayor to respond to the views of the public as envisaged in terms of Section 23 (2) (a) and (b).
- (b) To approve the Medium Term Revenue and Expenditure Framework (inclusive of property rates charges and taxes, tariffs and service charges), annexures and amendments to the budget related policies and other policies to Council for approval in terms of Section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003).
- (c) That Council specifically note and consider the need to take up external loans to fund critically needed refurbishment of infrastructure to the tune of R375 579 511 of which over the MTREF R102 779 511 will be required in year 1, R103 800 000 in year 2 and R169 000 000 in year 3 (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirms final approval of same in order for the Chief Financial Officer to attend to the necessary legislative requirements.
- (a) That Council specifically note and consider the applications for extension of the Jonkershoek and Techstel Special Rating Areas (SRA) that is in terms of paragraph 15(a) of the SRA By-Law.

**3. DELEGATED AUTHORITY  
FOR APPROVAL BY MUNICIPAL COUNCIL**

**4. EXECUTIVE SUMMARY**

**BUDGET**

Attached as **APPENDIX 1** is an executive summary by the Accounting Officer.

**SPECIAL RATINGS AREAS – NEXT FIVE YEAR TERM**

The Jonkershoek and Techstel Special Rating Areas (SRA) were first established in 2015 and have been successfully operating for the past five years. The respective management bodies have now applied for their SRAs to be extended for a further period of five years, ending 30 June 2025.

There are no financial implications for the municipality. SRAs are community driven initiatives and are financed by the property owners within the boundaries of the SRA.

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The municipality pays the approved budget over to the relevant management body in twelve equal, monthly instalments and recovers the money from property owners via the monthly consumer accounts. Normal credit control and debt collection processes are followed in instances of non-payment and retention is also withheld from the budget to offset any potential losses of the municipality. In the first five years of the SRAs being in operation, this measure has not been necessary.

Applications for extension of the terms are done in in compliance with paragraph 15(a) of the SRA By-Law. Such council approval can only be given in terms of Chapter 1 of the By-Law. For good reason, the council may exempt the management body of the SRA from compliance with Chapter 1, which mainly deals with the process to be followed when first establishing a SRA. Such exemption is being requested by the management body of the SRA.

Full reports of both SRAs are attached hereto as Annexures 32 and 33. Sub Annexures A – D include the Application Letters, Business Plans, 5 Year Budgets and AGM Minutes.

#### **SPECIAL COUNCIL: 2020-05-27: ITEM: 7.2**

The Executive Mayor's Budget Speech is available as a separate **APPENDIX**.

#### **RESOLVED** (majority vote)

- (a) that the High Level Budget Summary, as set out in **APPENDIX 1 – PART 1 – SECTION C**; be approved;
- (b) that the Annual Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in **APPENDIX 1 – PART 1 – SECTION D**, be approved;
- (c) that the proposed Grants-In-Aid allocations as set out in **APPENDIX 1 – PART 2 – SECTION J**, be approved;
- (d) that the three year Capital Budget for 2020/2021, 2021/2022 and 2022/2023, as set out in **APPENDIX 1 – PART 2 – SECTION N**, be approved;
- (e) that the proposed draft rates on properties in WCO24, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in **APPENDIX 3**, be approved;
- (f) that the proposed amendments to existing budget related policies and other policies as set out in **APPENDICES 4 - 28**, be approved;
- (g) that Council specifically note and consider the need to take up an external loan, needed for investment in income generating infrastructure to the amount of R375 579 511 of which R102 779 511 will be required in year 1, R103 800 000 in year 2 and R169 000 000 in year 3 (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirm approval of same;
- (h) that Council specifically take note of the fact that the proposed electricity charges and tariff structure is subject to NERSA approval that could change materially;
- (i) that Council takes note of MFMA circulars 98 and 99 that was published to guide the MTREF for 2020/2021 to 2022/2023 as set out in **APPENDICES 29 – 30**;

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- (j) that Council notes the Jonkershoek and Techstel SRA applications for the extension of the SRAs for a further period of five years and exempts both management bodies in terms of paragraph 15(a) of the SRA By-Law, from compliance with the provisions of Chapter 1 of the SRA By-Law;
- (k) that Council approves the extension of the Jonkershoek and Techstel SRAs for a further period of five years beginning 1 July 2020 and ending 30 June 2025;
- (l) that Council approves the proposed five year budgets with a combined total of R30 943 773.35 (VAT included) for Jonkershoek SRA and R15 713 218.21 (VAT included) as detailed in Annexures 31 (c) and 32 (c) respectively; and
- (m) that Council takes note that the public comments and submissions were taken into account with the compilation of the final budget.

*The following Councillors requested that their votes of dissent be minuted:*

*Cllrs F Adams; FT Bangani-Menziwa (Ms); G Cele(Ms); DA Hendrickse; LK Horsband (Ms); RS Nalumango (Ms); N Sinkinya (Ms) and LL Stander.*

**FOR FURTHER DETAILS CONTACT:**

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<b>REPORT DATE</b>	21 May 2020